

Message Text

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INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-10 L-03 ACDA-12
NSAE-00 PA-01 SS-15 SP-02 ICA-11 TRSE-00 DODE-00
EB-08 COME-00 FRB-03 DOE-15 SOE-02 /100 W
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R 310935Z MAY 78
FM USMISSION USNATO
TO SECSTATE WASHDC 2019
INFO AMEMBASSY MOSCOW
AMCONSUL ANTWERP POUCH
AMEMBASSY BRUSSELS POUCH

C O N F I D E N T I A L SECTION 01 OF 02 USNATO 05511

E.O. 11652: XGDS-1
TAGS: EEWT, EALR, BE, XH, NATO, PINR
SUBJECT: ECONADS: SOVIET/EE COMMERCIAL OPERATIONS IN
BELGIUM

REF: (A)77USNATO 12236(NOTAL); (B)USNATO 1017(NOTAL);
(C)ANTWERP A-1; (D)USNATO A-66(NOTAL); (E)ER-77-10486

SUMMARY: THIS MESSAGE DRAWS ATTENTION TO A BELGIAN
CONTRIBUTION TO A PROPOSED ECONADS STUDY OF THE ACTIVITIES
OF SOV/EE OWNED FIRMS IN THE WEST (BEING POUCHED),
NOTES BELGIAN VIEWS ON THE SCOPE OF SUCH A STUDY,
REQUESTS WASHINGTON GUIDANCE ON INCLUSION OF THE STUDY
IN THE ECONADS 1978-79 WORK PROGRAM, AND ASKS FOR
FURTHER DETAILS ON EE-OWNED FIRMS OPERATING IN THE U.S.
ACTION REQUESTED: AS NOTED PARA 6. END SUMMARY.

1. FOLLOWING ON GERMAN (REF B) AND UK (REF C)
CONTRIBUTIONS WHICH SUPPLEMENTED THE OER STUDY ON "SOVIET
COMMERCIAL OPERATIONS IN THE WEST" (REF E), THE BELGIAN
ECONAD HAS PROVIDED DETAILED INFORMATION ON 13 SOVIET,
6 POLISH, 6 EAST GERMAN, 2 CZECHOSLOVAK AND 2 BULGARIAN
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JOINT FIRMS OPERATING IN BELGIUM. IN ADDITION TO THE
EIGHT SOVIET FIRMS LISTED IN REF E, AND THE THREE
ADDITIONAL ONES IDENTIFIED IN REF C, THE MOST RECENT
BELGIAN REPORT IDENTIFIES TWO OTHERS, "GARAGE DU BON AIR
S.A.", AND STANBEL, S.A., WHICH OPERATE AS THE FACTO
IF NOT DE JURE SUBSIDIARIES OF SCALDIA VOLGA. WE ARE
POUCHING COPIES OF THE BELGIAN REPORT UNDER SEPARATE

COVER TO OER-DIAMOND, BRUSSELS, AND ANTWERP FOR FURTHER EXPLOITATION. THE TEXT, THE FRENCH TRANSLATION OF A COLLEGE THESIS ORIGINALLY DRAFTED IN DUTCH, IS THE RESULT OF RESEARCH IN PUBLIC RECORDS. WHILE THE INFORMATION CONTAINED IS UNCLASSIFIED, ATTRIBUTION TO RECEIPT VIA BELGIAN AUTHORITIES SHOULD NOT BE MADE. IF AN ENGLISH TRANSLATION IS PREPARED, WE WOULD APPRECIATE RECEIVING COPY.

2. IN A CONFIDENTIAL TRANSMITTAL LETTER THE BELGIAN ECONAD POINTS OUT THAT THE STUDY RELATES ONLY TO "JOINT FIRMS" ESTABLISHED UNDER BELGIAN LAW AND INVOLVING FINANCIAL PARTICIPATION BY A RESIDENT OR ENTERPRISE OF A WESTERN COUNTRY ON THE ONE SIDE AND BY A SOVIET/EE ENTERPRISE OR OFFICIAL ORGANIZATION ON THE OTHER. SO FAR AS THE BELGIAN AUTHORITIES ARE ABLE TO JUDGE, THE DATA IN THE REPORT IS FACTUAL.

3. REITERATING AN EARLIER ORAL STATEMENT TO THE ECONOMIC COMMITTEE, THE BELGIAN ECONADS LETTER POINTS OUT THAT BELGIAN LEGISLATION IS FREE OF ANY DISCRIMINATION AMONG NATIONS WITH RESPECT TO THEIR PARTICIPATION IN JOINT FOREIGN/DOMESTICALLY OWNED FIRMS. NEVERTHELESS, ADMINISTRATIVE PROCEDURES APPLIED TO SUCH FIRMS PROVIDE THE GOVERNMENT WITH MEANS TO SURVEIL AND SUPERVISE THEIR ACTIVITIES. THIS CAN BE DONE
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ESPECIALLY BY MEANS OF VISA APPLICATIONS FROM SOVIET/EE CITIZENS DESIRING TO EXERCISE FUNCTIONS IN THIS FIRMS. AMONG THE ELEMENTS BELGIAN AUTHORITIES CONSIDER IN THEIR VISA ISSUANCE POLICY FOR SUCH EASTERN APPLICANTS ARE THE FOLLOWING:

- (A) IS THE NUMBER OF VISAS REQUESTED JUSTIFIED
- BY THE ACTUAL OR ANTICIPATED ACTIVITY OF THE
- FIRM CONCERNED?

- (B) CAN THE FUNCTIONS OF THE INDIVIDUAL IN
- QUESTION BE CARRIED OUT BY A BELGIAN CITIZEN?

- (C) ARE THERE OBJECTIONS OF A SECURITY NATURE?

4. THE BELGIAN LETTER ENDORSES SUGGESTIONS RECENTLY MADE INFORMALLY BY OTHER ECONADS LOOKING TOWARD THE INSTITUTION OF A COMPREHENSIVE COMMITTEE STUDY ON THE ACTIVITIES OF THE SOVIET/EE OWNED FIRMS IN THE WEST. (THIS PROPOSAL WAS ORIGINALLY DISCUSSED DURING THE FEB 1977 REINFORCED ECONADS MEETING WITH NATIONAL HEADS OF ECONOMIC INTELLIGENCE (77 USNATO 1097, NOTAL), BUT NO EFFORT AT

AN ORGANIZED DATA-COLLECTION PROGRAM RESULTED.)
HE FORESAW SUCH A STUDY AS CONTRIBUTING TO A CLARIFICATION
OF THE POLICIES LIKELY TO BE FOLLOWED BY THE EAST AND THE
METHODS THEY WOULD USE TO ACHIEVE THEIR OBJECTIVES. HE
FELT THE STUDY COULD BE IMPROVED BY A COMPARISON OF
LEGAL PROVISIONS AND ADMINISTRATIVE AND REGULATORY MEASURES
IN EACH OF THE ALLIED COUNTRIES WHICH APPLIED TO
COMMERCIAL ACTIVITIES BY CITIZENS OR ORGANIZATIONS OF THE
COMECON STATES.

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C O N F I D E N T I A L SECTION 02 OF 02 USNATO 05511

5. COMMENT: THE SUGGESTION FOR SUCH A STUDY WILL IN ALL
LIKELIHOOD FIGURE IN THE NEXT DISCUSSION OF THE ECONADS
1978-79 WORK PROGRAM (USNATO 5403, NOTAL), AND WE
WOULD LIKE WASHINGTON VIEWS ON THIS POINT FOR THE JUNE
7 REGULAR MEETING. IF, AS WE ASSUME, WASHINGTON REACTION
IS FAVORABLE, WE SHOULD BE ABLE TO REST LARGELY ON THE
LAURELS OF THE SEPT 77 OER COMPIATION OF SOVIET-OWNED
FIRMS IN THE WEST. WE RECALL THAT DURING THE MAY 2-5
CONFERENCE OF SOV/EE ECONOMIC/COMMERCIAL OFFICERS SOV
(EDGAR) AND BEWT (LOTARSKI) PROVIDED ACCOUNTS OF US
TECHNIQUES FOR CONTROLLING THE ACTIVITIES OF JOINT
FIRMS, AND WE WOULD APPRECIATE RECEIVING A VERSION OF THAT
PRESENTATION WHICH WE COULD PROVIDE THE DIRECTORATE
FOR POSSIBLE USE IN THE STUDY. IN ADDITION, WE WOULD
LIKE TO BE ABLE TO PROVIDE THE DIRECTORATE WITH A LIST
OF THE EIGHTEEN EE-OWNED FIRMS IN THE US MENTIONED BY
MS. LOTARSKI, CONTAINING DATA ROUGHLY EQUIVALENT
TO THAT IN REF E ON SOVIET-OWNED FIRMS. END COMMENT.

6. ACTION REQUESTED: (A) AS NOTED IN PARA 5 AND (B)
COPY OF ENGLISH TRANSLATION - IF MADE - OF THE BELGIAN
REPORT TRANSMITTED UNDER SEPARATE COVER. WILSON
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